

**NORTH CAROLINA DIVISION OF  
AIR QUALITY**

**Application Review**

**Issue Date:**

**Region:** Washington Regional Office  
**County:** Craven  
**NC Facility ID:** 2500048  
**Inspector's Name:** Yongcheng Chen  
**Date of Last Inspection:** 06/13/2019  
**Compliance Code:** 3 / Compliance - inspection

<b>Facility Data</b>  <b>Applicant (Facility's Name):</b> Hatteras/Cabo Yachts, LLC  <b>Facility Address:</b> Hatteras/Cabo Yachts, LLC 110 North Glenburnie Road New Bern, NC 28560  <b>SIC:</b> 3732 / Boat Building And Repairing <b>NAICS:</b> 336612 / Boat Building  <b>Facility Classification: Before:</b> Title V <b>After:</b> Title V <b>Fee Classification: Before:</b> Title V <b>After:</b> Title V				<b>Permit Applicability (this application only)</b>  <b>SIP:</b> 15A NCAC 02D .0512, 15A NCAC 02D.0515, 15A NCAC 02D.0521, 15A NCAC 02D 0541, and 15A NCAC 02D.1806 <b>NSPS:</b> N/A <b>NESHAP:</b> 15A NCAC 02D .1111 (40 CFR Part 63, Subpart VVVV) <b>PSD:</b> N/A <b>PSD Avoidance:</b> 15A NCAC 02Q .0317 for 02D .0530 VOC emissions <b>NC Toxics:</b> 15A NCAC 02D .1100 & 02Q .0711 <b>112(r):</b> N/A <b>Other:</b> N/A			
<b>Contact Data</b>				<b>Application Data</b>			
<b>Facility Contact</b>  Hezekiah Harper Env. Health & Safety Specialist (252) 636-4707 110 North Glenburnie Road New Bern, NC 28560	<b>Authorized Contact</b>  Mindi Glover HR Director (252) 636-4850 110 North Glenburnie Road New Bern, NC 28560	<b>Technical Contact</b>  Hezekiah Harper Env. Health & Safety Specialist (252) 636-4707 110 North Glenburnie Road New Bern, NC 28560	<b>Application Number:</b> 2500048.18A <b>Date Received:</b> 06/29/2018 <b>Application Type:</b> Renewal <b>Application Schedule:</b> TV-Renewal <b>Existing Permit Data</b> <b>Existing Permit Number:</b> 02742/T14 <b>Existing Permit Issue Date:</b> 04/28/2014 <b>Existing Permit Expiration Date:</b> 03/31/2019				
<b>Total Actual emissions in TONS/YEAR:</b>							
CY	SO2	NOX	VOC	CO	PM10	Total HAP	Largest HAP
2018	---	---	20.89	---	1.51	8.17	5.75 [Styrene]
2017	---	---	26.17	---	1.51	11.40	7.83 [Styrene]
2016	---	---	18.90	---	1.51	12.73	10.15 [Styrene]
2015	---	---	28.87	---	1.51	14.61	10.14 [Styrene]
2014	---	---	30.43	---	1.51	16.94	11.54 [Styrene]
<b>Review Engineer:</b> Alice Wessner  <b>Review Engineer's Signature:</b> _____ <b>Date:</b> _____					<b>Comments / Recommendations:</b> Issue 02742/T15 <b>Permit Issue Date:</b> <b>Permit Expiration Date:</b>		

**1. Purpose of Application:**

Hatteras/Cabo Yachts, LLC (Hatteras) located at 110 North Glenburnie Road, New Bern currently holds Air Permit No. 02742T14, which expired on March 31, 2019. The renewal application required by the T14 permit was received on June 29, 2018, which was at least nine months prior to the expiration of the permit. Therefore, the existing permit will remain in effect until this renewal application has been approved or denied. All terms and conditions of the existing permit shall remain in effect until the renewal permit has been issued or denied.

**2. Facility and Process Description:**

Yongcheng Chen of the Washington Regional Office (WaRO) conducted the most recent compliance inspection on June 13, 2019. Based on his inspection report, Hatteras manufactures sport fishing boats and motor yachts ranging from 45-100 feet in length. The gelcoat and resin used in the boat manufacturing are applied by modern fluid impingement technology guns, hand lay up (hand rollers), and infusion (a vacuum process). Under normal production, the facility manufactures 50-100 units per year on the average. The facility has been at this location since 1965 and occupies 96 acres. The entire process starts in the lamination building and moves toward the river as it nears completion. The facility currently employs approximately 500 persons.

**3. Application Chronology:**

- April 28, 2014 Permit T14 was issued. This renewed the permit and set the expiration date for March 31, 2019.
- June 29, 2018 Received application for permit renewal.
- July 6, 2018 Sent acknowledgment letter indicating that the application for permit renewal was complete.
- March 20, 2020 Draft permit sent to Supervisor
- March 31, 2020 Comments received from Supervisor
- April 1, 2020 Draft permit sent to Washington Regional Office
- April 3, 2020 Response received from Regional Office. No comments were noted.
- April 3, 2020 Draft permit sent to Hatteras/Cabo Yachts, LLC.
- May 15, 2020 Response received from Permittee. No comments from Permittee.
- XXXX 2020 Draft permit was sent for Public Notice and EPA Review.
- XXXX 2020 The notice periods ended. *No comments were received.*
- XXXX 2020 Permit issued.

**4. Permit Modifications/Changes and TVEE Discussion:**

The list of changes to the permit can be found in Attachment 1.

## 5. Regulatory Review:

Hatteras is subject to the following regulations, in addition to the requirements in the General Conditions:

### a. 15A NCAC 02D .0515 "Particulates from Miscellaneous Industrial Processes"

This regulation limits the amount of particulate a source can emit as a function of its maximum process rate (excluding any liquid or gaseous fuel). This limit only applies to "miscellaneous" processes (i.e. processes not covered by 02D .0503 through 02D .0514 or 02D .0541). The regulation gives the limits as:

$$\begin{array}{ll} E = 4.10 \times P^{0.67} & \text{(for process rates less than or equal to 30 tons per hour), or} \\ E = 55.0 \times P^{0.11} - 40 & \text{(for process rates greater than 30 tons per hour)} \end{array}$$

Where:

P = Process rate, in tons per hour

E = Allowable particulate emission rate, in pounds per hour

Allowable emission rate is calculated to three decimal places. Liquid and gaseous fuels are not considered part of the process rate.

To demonstrate compliance with the regulation, sources controlled with dry pad filters, bagfilters and cyclones must have these control devices inspected regularly. Hatteras is required to conduct monthly visual inspections of the dry pad filters, the system's ductwork, material collection units, cyclones and bagfilters and annual internal inspections of the structural integrity of the bagfilters and canister-type fabric filters to ensure compliance with 02D .0515. Based on the most recent inspection report and the Reports module in IBEAM, it appears Hatteras has been complying with this requirement.

It should be noted the upholstery and gluing operations (ID No. A-1) and the fiberglass parts gluing (ID No. A-3) are not subject to this regulation. Emissions from these sources are fugitive throughout the building and do not vent through a dedicated stack or vent.

### b. 15A NCAC 02D .0521 "Control of Visible Emissions"

To demonstrate compliance, Hatteras must observe the emission points of all of the emission sources on a monthly basis, with the exception of the abrasive blasting operation (ID No. AB-1), for visible emissions (VE) above normal. VE from emission source AB-1 must be observed weekly. If above normal missions are observed, Hatteras must take action to restore normal VE. Monitoring activities must be reported twice per year.

Based on the most recent inspection report and the Reports module in IBEAM, it appears Hatteras has been complying with this requirement.

### c. 15A NCAC 02D .0541 "Control of Emissions from Abrasive Blasting"

This regulation sets out rules for controlling emissions from abrasive blasting operations. All abrasive blasting must be conducted in a building with appropriate ventilation and collection, except

when the blasted object exceeds eight feet in any dimension, or the object being blasted is in a fixed location or

Particulate emissions from the abrasive blasting operation are controlled by two air pulse bag filters (CD-E1 & CD-E2). To ensure compliance monthly external inspections are performed on the ductwork and an annual internal inspection of the bag filters' structural integrity. The results are maintained in a logbook. Records indicate the last monthly inspection of the ductwork was completed May 31, 2019 and the annual internal inspection of the bag filters was completed March 1, 2019. Compliance indicated.

A semiannual report is required by January 30 and July 30 of each calendar year. The 2018 reports have been submitted as required and indicate compliance.

d. 15A NCAC 2D .0958 – Work Practices for Sources of Volatile Organic Compounds

Effective November 1, 2016 – 15A NCAC 02D .0958 is applicable only to following counties/areas in NC:

- Cabarrus County;
- Gaston County;
- Lincoln County;
- Mecklenburg County;
- Rowan County;
- Union County; and
- Davidson Township and Coddle Creek Township in Iredell County

Thus, this rule is no longer applicable in Beaufort County and will be removed as part of this permit modification.

e. 15A NCAC 02D .1100 "Control of Toxic Air Pollutants"

See Section 7 for a discussion of TAP emission requirements.

f. 15A NCAC 02D .1111 "Maximum Achievable Control Technology" (MACT)

This facility is subject to 40 CFR Part 63, Subpart VVVV, National Emission Standards for Hazardous Air Pollutants (NESHAP) for Boat Manufacturing. See Section 6 for a discussion of MACT requirements.

g. 15A NCAC 02D .1806 "Control and Prohibition of Odorous Emissions"

This regulation states that a facility cannot emit odors such that they cause or contribute to objectionable odors outside the facility's property.

The permit has no specific requirements for this regulation. No odor complaints have been received against Hatteras since the last renewal. No odors were detected during the most recent inspection. Therefore, Hatteras has been complying with the regulation and no changes are required.

h. 15A NCAC 02Q .0317 "Avoidance Conditions" (PSD Avoidance)

See Section 6 for a discussion of PSD requirements

i. 15A NCAC 02Q .0711 "Emission Rates Requiring a Permit"

See Section 7 for a discussion of TAP emission requirements.

Please note, the previous permit was subject to 15A NCAC 02D .0958 "Work Practices for Sources of Volatile Organic Compounds", however, effective November 1, 2016, 15A NCAC 02D .0958 is applicable only to certain counties/areas in NC. This regulation is not applicable to facilities in Craven County. Therefore, this regulation was deleted from the permit.

Additionally, the current air permit references 15A NCAC 02Q .0705, Existing Sources and SIC Calls. This rule was repealed on May 1, 2014, and all references to 02Q .0705 will be removed from the permit under this renewal.

**6. NSPS, MACT, PSD/NSR, 112(r), RACT, CAM:**

a. *NSPS*

There are no NSPS-affected sources at the facility.

b. *MACT*

NESHAP Subpart VVVV is the only MACT that applies to the facility. This regulation limits the amount of organic HAP that can be emitted from a facility as a function the types of materials used. Subpart VVVV applies to this facility because it manufactures boats and is a HAP Major Source.

Adhesives used specifically in carpet and fabric adhesive operations must be 5% organic HAP or less. According to 63.5683(d), "This subpart does not apply to...assembly adhesives, fiberglass hull and deck coatings..." Therefore, in order to specify which areas of the facility are subject to the regulation, the adhesive operation (**ID No. A-1**) has been split out to:

A-1, Upholstery gluing and adhesive operations (subject to NESHAP Subpart VVVV)  
A-2, Wood/Cabinet Shop Glue Booth (not subject)  
A-3, Fiberglass parts gluing (not subject)

The facility is required to submit reports for every six-month period ending on June 30<sup>th</sup> and December 31<sup>st</sup>. The report must evaluate compliance with the open molding emission limit for each 12-month averaging period ending on each six-month period that the report covers. The report must be submitted within 60 days after the end of the reporting period.

The 2018 reports have been submitted as required and indicate compliance with the open molding emission limit. For the 12-month period ending in December 2018, the NESHAP HAP limit is

On February 25, 2020, the U.S. Environmental Protection Agency (EPA) finalized minor amendments to the 2001 National Emission Standards for Hazardous Air Pollutants (NESHAP) for Boat Manufacturing and the 2003 NESHAP for Reinforced Plastic Composites Production. EPA has evaluated the risks remaining after fully implementing the NESHAP for Boat Manufacturing and Reinforced Plastic Composites Production and determined that risks from these source categories are acceptable. In addition, the agency identified no developments in practices, processes

or control technologies that would further reduce emissions of air toxics. EPA is not making significant changes to the original NESHAP for this source category and has determined the standards continue to provide an ample margin of safety to protect public health and the environment.

EPA is finalizing only minor amendments to the existing regulation. These amendments clarify that the standards are applicable during periods of startup, shutdown and malfunction and require electronic reporting of performance test results.

Based on the most recent inspection report and the Reports module in IBEAM, it appears Hatteras has been complying with the requirements of the regulation.

c. *PSD/NSR*

Hatteras is currently avoiding being subject to PSD by limiting facility-wide VOC emissions to less than 250 ton/yr.

The only requirement to demonstrate compliance is that Hatteras must calculate and maintain monthly records of VOC emissions. Emission data must be reported twice per year.

A semiannual report is required by January 30 and July 30 of each year. The emissions must be calculated for each of the 12-month periods over the previous 17 months. The 2018 reports have been submitted as required and indicate compliance. The highest 12-month period, ending in June 2018, of VOC emissions is 24.95 (January 2018) tons and the highest 12-month period of styrene emissions is 7.37 tons (January 2018). Based on the review of the logbook during inspection, the emission inventory and the reports module in IBEAM indicate that Hatteras has been complying with requirement. No changes to the permit are required.

d. *112(r)*

Hatteras is not subject to Section 112(r) of the Clean Air Act because it does not handle, store or use any subject chemicals above their respective thresholds.

e. *RACT*

Craven County is not an area of ozone non-attainment, so RACT does not apply.

f. *CAM*

CAM regulations pursuant with 40 CFR Part 64 is applicable to any pollutant-specific emission unit, if the following three conditions are met:

1. the unit is subject to any (non-exempt: e.g. pre-November 15, 1990, Section 111 or Section 112 standard) emission limitation or standard for the applicable regulated pollutant.
2. the unit uses any control device to achieve compliance with any such emission limitation or standard.
3. the unit's precontrol potential emission rate exceeds either 100 tons per year (for criteria pollutants) or 10/25 tons per year (for HAPs).

The only control devices present at the facility are for particulate control. No emission source at the facility has precontrolled PM emissions of greater than 100 tons/year. Therefore, CAM does not apply to any control device.

## **7. Air Toxics:**

In accordance with NCAC 15A 02D .1100, Hatteras/Cabo Yachts, LLC has previously submitted a modeling demonstration to show compliance with the Acceptable Ambient Levels (AALs) given in this regulation. The emission limits that were set because of the modeling are:

<b>Emission Source</b>	<b>Toxic Air Pollutant(s) (CAS #)</b>	<b>Emission Limit(s)</b>
Facility-wide	methyl ethyl ketone (78-93-3) toluene (108-88-3)	28.6 pounds per hour 82.8 pounds per hour
Lamination (ID No. L-1)	styrene (100-42-5)	95.0 pounds per hour
Small Part Lamination (ID No. L-2)	styrene (100-42-5)	16.0 pounds per hour

In accordance with NCAC 15A 02D .1100, to demonstrate compliance, Hatteras must report Methyl ethyl ketone (MEK) and styrene emission rates on a quarterly basis. The 2018 reports have been submitted as required and are well within the limits. Compliance is indicated.

## **8. Compliance Status:**

- a. Notices of Violation/Recommendation for Enforcement since the previous renewal

None. (A NOD for late reports was issued in 2017.)

- b. Inspection status

The facility was most recently inspected on June 13, 2019 by Yongcheng Chen. Hatteras appeared to be in full compliance at that time.

## **9. Other Regulatory Concerns:**

- a. A PE seal was not required for this permit renewal.
- b. A zoning consistency form was not required for this permit renewal.

## **10. Public Notice/EPA and Affected State(s) Review:**

A notice of the DRAFT Title V Permit shall be made pursuant to 15A NCAC 02Q .0521. The notice will provide for a 30-day comment period, with an opportunity for a public hearing. Consistent with 15A NCAC 02Q .0525, the EPA will have a concurrent 45-day review period. Copies of the public notice shall be sent to persons on the Title V mailing list and EPA. Pursuant to 15A NCAC 02Q .0522, a copy of each permit application, each proposed permit and each final permit shall be provided to EPA. Also pursuant to 02Q .0522, a notice of the DRAFT Title V Permit shall be provided to each affected State at or before the time notice provided to the public under 02Q .0521 above. However, there are no States or Local Programs within 50 miles of the facility, so the notification will not be done.

## **11. Recommendations**

The permit renewal application for Hatteras/Cabo Yachts,LLC in New Bern, Craven County, North Carolina has been reviewed by the DAQ to determine compliance with all procedures and requirements. The DAQ has determined that this facility is complying or will achieve compliance, as specified in the permit, with all requirements that are applicable to the affected sources.